

AMENDED IN SENATE MAY 12, 2005

AMENDED IN SENATE MAY 2, 2005

SENATE BILL

No. 913

Introduced by Senator Simitian

February 22, 2005

An act to add Section 1374.17 to the Health and Safety Code, to add Section 10127.19 to the Insurance Code, and to add Article 2.99 (commencing with Section 14095) to Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, relating to health care.

LEGISLATIVE COUNSEL'S DIGEST

SB 913, as amended, Simitian. Medication therapies: rheumatic diseases.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans and makes a violation of the act's provisions a crime. Existing law makes the Department of Managed Health Care responsible for administering the act's provisions and requires it to maintain information regarding the operation of health care service plans. Under the act, a health care service plan contract that covers prescription drug benefits is required to provide coverage for specified medications.

Existing law also provides for the regulation of health insurers by the Insurance Commissioner and requires health insurance policies to provide specified coverage for insureds.

This bill would, prohibit any health care service plan or any health insurer contracting to provide coverage for drugs from requiring a step therapy pharmacy management protocol that makes a distinction between biologic and nonbiologic therapies *for the treatment of rheumatic disease*.

Because the bill would impose additional requirements on health care service plans, the willful violation of which is a crime, it would impose a state-mandated local program.

The federal Medicaid program provides for federal financial participation for state medical assistance programs that meet federal standards. This state's version of the Medicaid program is known as the California Medical Assistance Program, or the Medi-Cal program, which is administered by the State Department of Health Services.

Existing law authorizes the department, under the Medi-Cal program, to enter into specified contracts for various products and services. Under these provisions, the department is considered the purchaser, but not the dispenser or distributor, of prescribed drugs.

This bill would require the department to establish a pilot program on which any biologic drug prescribed for the treatment of rheumatic disease would be included on the Medi-Cal list of contract drugs if certain conditions are met. It would also require the department to evaluate the program and report its findings to the Legislature on or before January 1, 2007.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. It is the intent of the Legislature to assist
- 2 persons with rheumatic disease to have access to a class of
- 3 therapies called biologics, when their physician prescribes a
- 4 biologic therapy, without their health care service plan requiring
- 5 them first to try and fail on a nonbiologic therapy.
- 6 SEC. 2. Section 1374.17 is added to the Health and Safety
- 7 Code, to read:
- 8 1374.17. Commencing January 1, 2006, no health care
- 9 service plan shall require a step therapy pharmacy management
- 10 protocol that makes a distinction between biologic and
- 11 nonbiologic therapies *for the treatment of rheumatic disease.*

SEC. 3. Section 10127.19 is added to the Insurance Code, to read:

10127.19. Commencing January 1, 2006, no health insurer contracting to provide coverage for drugs shall require a step therapy pharmacy management protocol that makes a distinction between biologic and nonbiologic therapies *for the treatment of rheumatic disease*. This section shall not apply to ~~supplemental coverages~~ *Medicare supplement, short-term limited duration health insurance, vision-only, dental-only, or Champus-supplement insurance, or to hospital indemnity, hospital-only, accident-only, or specified disease insurance that does not pay benefits on a fixed benefit, cash payment-only basis.*

SEC. 4. Article 2.99 (commencing with Section 14095) is added to Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, to read:

Article 2.99. Rheumatic Disease Therapy Pilot Program

14095. (a) The department shall establish a pilot program in which any biologic drug prescribed for the treatment of rheumatic disease shall be included on the Medi-Cal list of contract drugs if all of the following conditions are met:

- (1) The manufacturer offers the department its best price.
- (2) The drug is typically administered in an outpatient setting.
- (3) The drug is prescribed only for the indications and usage specified in the federal Food and Drug Administration's approved labeling.
- (4) The drug is determined by the director to be safe, relative to other drugs in the same therapeutic category on the list of contract drugs.

(b) The department shall conduct an evaluation of the program, including information on costs and usage, and report its findings to the Legislature on or before February 1, 2007.

SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a

- 1 crime within the meaning of Section 6 of Article XIII B of the
- 2 California Constitution.

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